

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: March 12, 2008

Bill Number: H.B. 4817

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Committee Requesting Impact: House Ways & Means Committee

Bill Summary

To amend the Code of Laws of South Carolina, 1976, by adding Section 12-6-3675 so as to provide for a credit against the state's income tax for certain expenses incurred by a taxpayer in the purchase and installation of security monitoring equipment, fencing, and other physical security measures, and employment of security personnel at an eligible multifamily housing project in a recognized high crime area and in which units are owned or rented by very low and lower income individuals and households; and to amend Section 31-13-450, relating to use of monies in the South Carolina Housing Trust Fund, so as to provide that the monies be used to require security measures, and to assist in financing the establishment and implementation of those security requirements, at eligible multifamily housing projects in recognized high crime areas and in which units are owned or rented by very low and lower income individuals and households.

REVENUE IMPACT ^{1/}

This bill will reduce General Fund income tax revenue by an estimated \$7,500,000 in FY2008-09.

Explanation

This bill would add Section 12-6-3675 allowing taxpayers a twenty-five percent income tax credit against the costs incurred in purchasing and installing security monitoring systems and physical security measures and hiring security personnel in eligible multifamily housing projects in high crime areas in which units are owned or rented by very low and lower income individuals and households. The costs of eligible security expenses as proposed in this bill vary significantly based on the level of security desired and the size of the project. The installation of security monitoring systems can cost as much as \$100,000 for monitoring a moderate sized complex. Physical security measures, such as gating and fencing, can cost as much as \$170,000, and security personnel can cost as much as \$30,000 a year, totaling an estimated \$300,000 per property. According to the South Carolina Housing Authority, there are over one thousand multifamily projects in which units are owned or rented by very low and lower income individuals and households. The BEA estimates that one hundred taxpayers will install security measures in eligible multifamily housing projects. Multiplying \$300,000 in security expenses per property by one hundred eligible projects equals \$30,000,000. Applying a twenty-five percent income tax credit, this bill is expected to reduce General Fund income tax revenues by an estimated \$7,500,000 in FY2008-09.

/s/ William C. Gillespie

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^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.
